

MOTOR FUELS UPDATE

DEPARTMENT OF REVENUE



Volume 7, Edition 4

Quarterly

October 1997

Dear Licensees:

By now you have received notification of your new Account Representative. No, you are not alone. Every account has been reassigned to a different Account Representative.

Why? To ensure the continued success of programs such as this, it is necessary for us to take a "fresh look" at each account from time to time. It gives you the opportunity to meet and work with another of our talented staff while at the same time, affording our staff the opportunity to work with different and more diverse accounts. Both of us ultimately gain by this reassignment.

We also recognize that old habits may be hard to break. Some of you may contact, or wish to contact, your former Account Representative. While this is not a "capital crime," it will place the representatives in a very difficult situation as they will be dealing with two separate sets of accounts. Each account representative is assigned approximately 200 separate accounts.

Thank you for your cooperation. Remember, your Account Representative is your personal contact with our division. Please use this contact to your advantage.

Janet Stege
Administrator
Motor Fuels Division

I N S I D E

■ **Audits**

■ **Gallonage Reports**

■ **Task Force**

■ **Refunds**

■ **Ethanol Production Credits**

■ **FTA Meeting**

■ **Motor Fuels Tax Rate**

AUDITS

These tables summarize the audits completed by our auditors since Motor Fuels Division's inception in July, 1991. The large increase in dollars assessed in 1993/1994 for both gasoline and diesel resulted from one audit.

TAX ASSESSED						
	91/92	92/93	93/94	94/95	95/96	96/97
Sp Fuels Cons Use	\$0	\$12,405	(\$50)	(\$21,629)	\$118,906	\$14,029
Liquid Fuel Carriers					0	0
Motor Vehicle Fuels	0	63,907	1,102,737	53,849	44,959	225,560
PRF		1,684	20,993	26,173	92,732	10,840
Aircraft Fuels		0	3,604	0	(1,386)	919
Compressed Fuels				0	0	10,908
Gas Tax Credit		6,685	(132)	3,318	12,145	(191,385)
Retailers					0	0
Sp Fuels/Diesel	41,409	80,864	1,676,642	275,150	284,521	184,519
Totals	\$41,409	\$165,545	\$2,803,794	\$336,861	\$551,877	\$255,390

NUMBER OF AUDITS BY TAX PROGRAMS						
	91/92	92/93	93/94	94/95	95/96	96/97
Sp Fuels Cons Use	1	8	7	8	13	6
Liquid Fuel Carriers					2	4
Motor Vehicle Fuels	1	8	38	36	45	45
PRF	2	25	21	26	34	
Aircraft Fuels		1	7	5	6	9
Compressed Fuels				2	13	13
Gas Tax Credit		8	6	4	6	6
Retailers				8	13	
Sp Fuels/Diesel	9	50	65	64	63	55

GALLONAGE REPORTS

This table shows the gallons and dollars reported in taxpayer returns. It does not reflect refunds, audits, etc.

GASOLINE & GASOHOL			DIESEL	
Year	Gallons	Tax	Gallons	Tax
1988	772,194,253	\$131,693,157	188,052,766	\$33,780,707
1989	772,211,986	142,025,999	191,620,212	38,470,142
1990	763,623,635	148,015,125	189,764,993	41,410,055
1991	739,779,599	171,413,194	184,069,676	44,457,323
1992	756,633,169	167,247,079	204,081,641	47,123,036
1993	780,044,137	180,456,542	218,053,008	51,580,674
1994	756,064,292	179,494,240	228,490,205	55,638,287
1995	825,530,818	195,946,147	248,461,579	59,863,691
1996	823,709,762	205,852,173	257,268,846	65,652,081

TASK FORCE WORKING GROUP

The Motor Fuels Task Force continues to meet with the industry advisory group to study Nebraska and surrounding states' tax laws. The group last met August 13, 1997. At that meeting, various parts of the programs were discussed but no recommendations or decisions were made by this group.

REFUNDS

Refund Claims processed during the period July 1, 1996 - June 30, 1997 are summarized below. During this period, we processed 2,060 claims resulting in a total refund of \$2,202,554. During the previous fiscal year, we processed 1,071 claims resulting in a total refund of \$1,154,938.

AMOUNT REFUNDED					
	Gas/Gasohol	PRF	Diesel	Aircraft	Total
Agriculture (84AG)			\$624,237		\$624,237
Agriculture Related			124,788		124,788
Blending	\$2,474	\$26	3,440		5,940
Construction			346,540		346,540
Exported Fuel	29,928	55,981	32,523		118,432
Federal	81,171	4,458	19,195	\$639	105,463
State & Local Government			121,334		121,334
Home Heating			1,735		1,735
Native American	4,748		967		5,715
Reefer			259,611		259,611
Sand & Gravel			102,366		102,366
Other	10,564	189	373,034	2,606	386,393
Totals	\$128,885	\$60,654	\$2,009,770	\$3,245	\$2,202,554

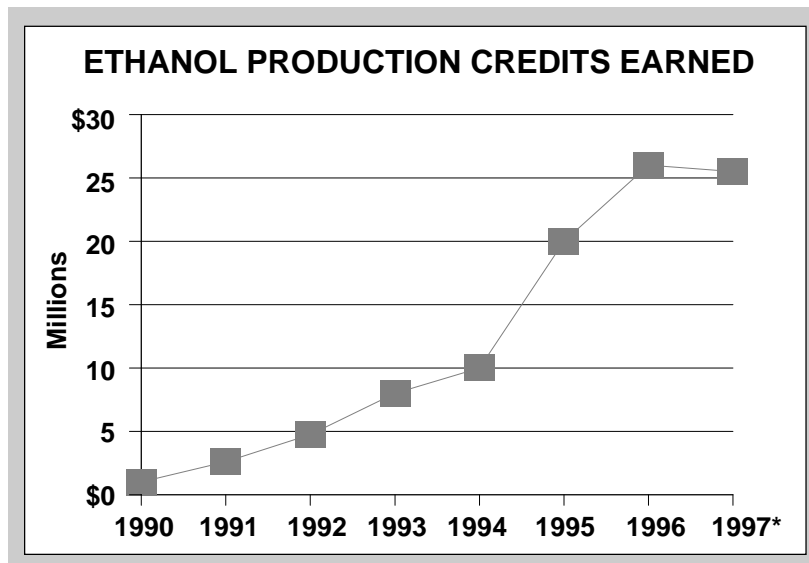
With the exception of Federal and Native American, these refunds are based on the exempt use of fuel rather than the exempt status of the purchaser.

ETHANOL PRODUCTION CREDITS UPDATE

The refund section of our division also processes claims for the Nebraska Ethanol Production Credit. These monthly claims establish the amount of the production credit and assign that credit to the Nebraska motor vehicle fuels licensees designated by the ethanol producer.

Ethanol production in Nebraska has dramatically increased over the past several years. By 1996, six plants were producing ethanol. As you know, ethanol producers receive a 20-cent per gallon credit on the first 25 million gallons of ethanol they produce in Nebraska each year. As shown on the

graph below, the corresponding credits have grown from just over \$1,000,000 in 1990 to \$26,000,000 in 1996. The 1997 credits through August of this year have already surpassed \$25,000,000.



*Totalled through August, 1997

FTA MEETING

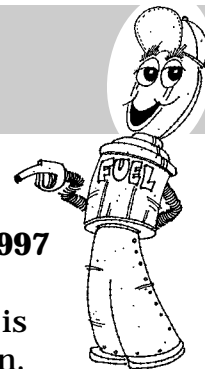
The Motor Fuel Tax Section of the Federation of Tax Administrators (FTA) held its 70th annual meeting September 21 - 24, 1997, in St. Louis, MO. Our administrator, Janet Stege, served as Chair of the Section for this meeting. She presided over the sessions which included such topics as:

- ✓ *Update from the IRS*
- ✓ *Enforcement Activities of the EPA*
- ✓ *Mr. Mob Goes to the Rack* (Yes, we have a crook teach us ways to cheat on fuel tax!)
- ✓ *Native American Issues Across the Country*
- ✓ *Dyed Diesel Testing*
- ✓ *Uniformity Committee Report Along with a Response by Industry.*
- ✓ *Taxation of Blended Fuels, Such as Ethanol and BioDiesel*
- ✓ *Gasoline Procurement Cards*
- ✓ *IRS "Below the Rack" Evasion Task Force*
- ✓ *Taxation at the Rack*
- ✓ *Fuel Tracking Systems*
- ✓ *Status of Motor Fuel/Carrier Electronic Commerce*

Next year's annual meeting will be in Denver, Colorado, November 1 - 3, 1998. Peter Steffens, Florida Department of Revenue, has been elected to preside over that meeting.

MOTOR FUELS TAX RATE

The Nebraska motor fuels tax rate for **fourth quarter of 1997** (October 1 through December 31, 1997) is **24.5 cents** per gallon.



FOR MOTOR FUELS TAXPAYER ASSISTANCE

Call your account representative or toll free 1-800-554-FUEL (1-800-554-3835).

Lincoln residents call 471-5730.

For *TT (Text Telephone), dial 1-800-382-9309.



*Telecommunication Device for the Deaf (TDD) is designated by the use of "TT," which is consistent with the Americans with Disabilities Act.

OR CONTACT:

Motor Fuels Division
301 Centennial Mall South
P.O. Box 98904
Lincoln, NE 68509-8904

If you have received a duplicate mailing or would like to subscribe, please call 1-800-554-3835

**Published Quarterly by the
Motor Fuels Division
P.O. Box 98904
Lincoln, NE 68509-8904**



**P.O. Box 98904
Lincoln, Nebraska 68509-8904**

Bulk Rate
U.S. POSTAGE
PAID
Lincoln, Nebraska
Permit No. 212

Subscriptions are free

State Tax Commissioner
M. Berri Balka
Motor Fuels Division Administrator
Janet Stege